

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)	
CHESAPEAKE UTILITIES CORPORATION)	
FOR APPROVAL OF A CHANGE IN ITS)	PSC DOCKET NO. 04-412
ENVIRONMENTAL RIDER RATE TO BE)	
EFFECTIVE DECEMBER 1, 2004)	
(FILED NOVEMBER 1, 2004))	

ORDER NO. 6505

AND NOW, to-wit, this 9th day of November, A.D. 2004;

WHEREAS, in PSC Order No. 4104 (Dec. 19, 1995) entered in PSC Docket No. 95-73, the Commission authorized an annually adjusted surcharge mechanism to allow Chesapeake Utilities Corporation ("Chesapeake") to recover the expenses it has, or will, incur for remediation of environmental damage liabilities; and

WHEREAS, on November 1, 2004, Chesapeake made application to the Commission for approval of a decrease in the Environmental Rider Rate ("ERR") to be effective on December 1, 2004, and such rate to continue until changed by further Order of the Commission; and

WHEREAS, the Commission having determined, pursuant to *26 Del. C. §§ 304 and 306(a)(2)*, to permit the proposed ERR rate to become effective on and after December 1, 2004, on a temporary basis, subject to refund, pending the completion of full evidentiary hearings concerning the lawfulness, justness, and reasonableness of the proposed rate decrease and a final decision of the Commission; now, therefore,

IT IS ORDERED:

1. That pursuant to *26 Del. C. §§ 304 and 306(a)(2)*, by the affirmative vote of not less than three (3) Commissioners, the tariff filing by Chesapeake Utilities Corporation made on November 1, 2004, establishing a new and decreased Environmental Rider Rate of \$0.0063 per CCF (a decrease of \$0.0035 per CCF from the prior rate of \$0.0098 per CCF) is hereby approved and permitted on a temporary basis only, subject to full and prompt refund, and effective for service rendered on and after December 1, 2004, and pending a final decision of the Commission.

2. That William F. O'Brien is designated as Hearing Examiner for this docket, pursuant to the terms and provisions of *26 Del. C. § 502 and 29 Del. C. ch. 101*, to conduct such public evidentiary hearing(s) as may be necessary to develop a full and complete record concerning this matter and report to the Commission his proposed findings and recommendations based on the evidence presented. Pursuant to Rule 21 of the Commission's Rules of Practice and Procedure, Hearing Examiner O'Brien is specifically authorized to grant or deny petitions seeking leave to intervene in this matter. Hearing Examiner O'Brien is also delegated the authority to determine the manner and form of further public notice under *26 Del. C. § 102A*. Francis J. Murphy, Jr., Esquire, is designated Rate Counsel for this matter. The Applicant is hereby advised that the cost of this proceeding will, under the provisions of *26 Del. C. § 114(b)(1)*, be charged to the utility.

3. That Chesapeake Utilities Corporation shall give public notice of the filing of this application by publishing notice in the form attached hereto as Exhibit "A" in two column format, outlined in black, in the legal classified sections of The News Journal and Delaware State News newspapers on November 16, 2004. Proof of publication shall be filed with the Commission on or before the date of the evidentiary hearing(s) in this matter.

4. The Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae
Chair

/s/ Joshua M. Twilley
Vice Chair

/s/ Joann T. Conaway
Commissioner

/s/ Donald J. Puglisi
Commissioner

/s/ Jaymes B. Lester
Commissioner

ATTEST:

/s/ Norma J. Sherwood
Acting Secretary

E X H I B I T "A"

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P U B L I C N O T I C E

**TO: ALL NATURAL GAS CUSTOMERS OF CHESAPEAKE UTILITIES
 CORPORATION AND ANY OTHER INTERESTED PERSONS**

Pursuant to the environmental remediation recovery mechanism approved by the Public Service Commission ("the Commission") in PSC Order No. 4104 (Dec. 19, 1995) in PSC Docket No. 95-73, Chesapeake Utilities Corporation ("Chesapeake") has filed an application proposing to decrease the Environmental Rider Rate ("ERR") from a positive surcharge of \$0.0098 per CCF to a surcharge of \$0.0063 per CCF. Such new ERR rate would be effective for services provided on and after December 1, 2004. According to Chesapeake, the new ERR rate results in a .3% percent or a \$0.42 decrease in gas billings for an average monthly winter residential heating customer.

At its meeting on November 9, 2004, the Commission permitted the proposed ERR decrease to take effect on December 1, 2004, on a temporary basis, pending a public evidentiary hearing and a final decision of the Commission. The Commission's action in this matter will be based upon evidence presented at such hearing. Public notice of the date, time, and place for such public hearings will be given at a later time.

Any person or group who wishes to formally participate as a party to this Docket (PSC Docket No. 04-412) must, in accordance with Rule 21 of the Commission's Rules of Practice and Procedure, petition the Commission for, and be granted, leave to intervene. To be timely, all such petitions must be filed with the Delaware Public Service Commission on or before December 2, 2004. Petitions received thereafter will not be considered except for good cause shown. Ten copies of any Petition to Intervene shall be filed with the Commission at 861 Silver Lake Blvd., Cannon Building, Suite 100, Dover, Delaware 19904. A copy of any Petition shall also be served, by mail or other form of delivery, on Jeffrey R. Tietbohl, Controller of Natural Gas, Chesapeake Utilities Corporation, 350 South Queen Street, Dover, Delaware 19904. Copies of the Application, the proposed revised tariff sheets, and supporting materials filed by the Company in this docket are available for public inspection at the Commission's Dover office at the address set forth above.

Any individual with disabilities who wishes to participate in these proceedings, or to review these filings, should contact the Commission to discuss any auxiliary aids or services needed to facilitate such review or participation. Such contact may be in person, by writing, by telephone (including Telecommunications Relay Service), or otherwise. The Commission's toll-free telephone number in Delaware is (800) 282-8574. Persons with questions concerning this application may contact the Commission by either Text Telephone or by regular telephone at (302) 739-4333. Questions may also be addressed to the Commission Staff by Internet e-mail to mary.paskey@state.de.us.